

## Message Text

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ACTION IO-03

INFO OCT-01 ARA-10 EUR-10 ISO-00 FEA-01 ACDA-10 CIAE-00

INR-10 L-02 NSAE-00 NSC-07 RSC-01 SCI-03 AF-04 EA-07

NEA-06 OIC-01 DRC-01 /077 W  
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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 5139

INFO AEC GERMANTOWN PRIORITY

AMEMBASSY BONN

AMEMBASSY BUENOS AIRES

AMEMBASSY LONDON

AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 IAEA VIENNA 8601

E.O. 11652: GDS

TAGS: PARM TECH IAEA AR CA

SUBJECT: NEGOTIATION OF IAEA SAFEGUARDS AGREEMENT RE  
EMBALSE NUCLEAR POWER STATION

REF: IAEA VIENNA 7972 (NOTAL)

SUMMARY: IAEA SECRETARIAT, IN FURTHER NEGOTIATIONS, HAS BEEN ABLE ONLY TO ACHIEVE ARGENTINE ACCEPTANCE OF REVISED (AND SOMEWHAT IMPROVED) VERSION SECTION 26, BASED UPON ARGENTINE PROPOSAL OF SEPT. 13, TOGETHER WITH EXPLANATION WHICH DIR GEN WOULD MAKE TO BOARD WHEN PRESENTING AGREEMENT FOR APPROVAL. CANADA, HOWEVER, HAS INFORMED DIR GEN THAT RESULTS NOT RPT NOT ACCEPTABLE AND DIR GEN HAS ASKED CANADA TO DRAFT COUNTER-PROPOSAL. END SUMMARY.

ACTION REQUIRED: NONE.

1. MISSION, TOGETHER WITH REPS OF UK, FRG, FRANCE, USSR, JAPAN, ITALY, SWEDEN AND MEXICO BRIEFED BY AGENCY SECRETARIAT RE POST-GEN CONF NEGOTIATIONS WITH ARGENTINA ON  
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SUBJECT AGREEMENT (ANNEX TO GOV/1694), FOLLOWING SEPT. 13

BOARD GUIDANCE TO DIR GEN, REPORTED REFTEL, THAT DURATION AND TERMINATION PROVISIONS SHOULD ACCORD WITH CONCEPTS OF GOV/1621 APPROVED BY FEB. BOARD.

2. DURING NEGOTIATIONS ARGENTINE NEGOTIATORS TOOK POSITION WITH AGENCY SECRETARIAT TEAM THAT DURATION AND TERMINATION PROVISIONS (SECTION 26) OF SUBJECT AGREEMENT COULD NOT RPT NOT REFER TO REACTOR PER SE, ARGUING THAT SUBSTANTIAL PORTION OF PROJECT WILL BE OF ARGENTINE ORIGIN. THEREFORE, EFFORTS BY SECRETARIAT TEAM TO FORMULATE SECTION 26 IN STRAIGHTFORWARD CONSISTENCY WITH GOV/1621, RELATING DURATION TO USEFUL LIFE OF REACTOR, WERE REJECTED BY ARGENTINES.

3. IN EFFORT TO ACHIEVE COMPRABLE EFFECT IN LIGHT OF ARGENTINE ATTITUDE, SECRETARIAT TRIED HAND AT AD REFERENDUM REVISION OF ARGENTINE PROPOSAL FOR SECTION 26 WHICH HAD BEEN CIRCULATED AT SEPT. 13 BOARD GOVS MEETING (GOV/1701), TOGETHER WITH AN EXPLANATORY NOTE WHICH WOULD BE INCORPORATED IN AN EXCHANGE OF LETTERS BETWEEN GOA AND IAEA DIR GEN.

4. TEXTS OF SECRETARIAT REVISION OF ARGENTINA'S PROPOSED SECTION 26, PROPOSED EXPLANATORY NOTE AND PERTINENT PORTIONS OF OTHER SECTIONS OF ORIGINAL DRAFT AGREEMENT TRANSMITTED SEPTTEL.

5. SECRETARIAT REPORTED THAT ARGENTINE NEGOTIATORS HAD RECEIVED INSTRUCTIONS TO ACCEPT FOREGOING REVISION TO SECTION 26. INSTRUCTIONS REJECTED EXCHANGE OF LETTERS EMBODYING EXPLANATORY NOTE, BUT ACCEPTED IDEA THAT ARGENTINA WOULD REMAIN SILENT IF DIR GEN, IN PRESENTING REVISED SECTION 26 TO BOARD, RECITED TEXT OF EXPLANATORY NOTE.

6. PURPOSE OF SECRETARIAT BRIEFING OF MISSIONS WAS TO PROVIDE TEXTS FOR STUDY IN PREPARATION FOR FORTHCOMING CONSULTATIONS BY SECRETARIAT TO DETERMINE ACCEPTABILITY. SECRETARIAT HAD INFORMED ARGENTINES THAT SUCH CONSULTATIONS WOULD TAKE PLACE IN ORDER PERMIT DIR GEN TO DETERMINE WHETHER TO SUBMIT PROPOSAL TO BOARD. SECRETARIAT WAS UNENTHUSIASTIC WITH PROPOSALS BUT STATED THAT, IN VIEW ARGENTINA'S RIGID POSITION, THIS WAS BEST SECRETARIAT COULD ACHIEVE.  
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7. JACKSON (UK) AND UNGERER (FRG) HAVE EACH TOLD MISOFF THAT THEY HAVE RECOMMENDED TO RESPECTIVE CAPITALS REJECTION OF PROPOSAL. IN BOTH CASES, RECOMMENDATION BASED UPON UNWILLINGNESS OF ARGENTINA TO TIE SAFEGUARDS PROVISION TO MATERIAL PRODUCED THEREAFTER BY REACTOR IN EVENT OF FAILURE TO RENEW.

8. UNGERER POINTED OUT THAT, EVEN IF PROPOSAL ACHIEVED THAT RESULT IN PRACTICE (WHICH WAS NOT RPT NOT ENTIRELY CLEAR), IT WOULD BE A POOR PRECEDENT. THIS WAS FIRST MAJOR AGREEMENT AFTER FEB. BOARD DECISION ON GOV/1621 AND IT WAS ESSENTIAL TO INTEGRITY OF AGENCY THAT AGREEMENT CLEARLY APPEAR ON ITS FACE TO BE IN FULL CONFORMITY WITH GOV/1621.

9. JACKSON WONDERED HOW CANADA COULD ACCEPT PROPOSAL IN LIGHT OF ITS OBLIGATION UNDER ART. III.2 OF NPT AND ITS POSITION MADE PUBLIC IN INFCIRC/209 IN WHICH REACTOR PROPER APPEARS ON TRIGGER LIST.

10. POSITION OF CANADA WILL BE CRITICAL TO VIEWS OF OTHER GOVERNORS. AT BRIEFING, HAMMOND (CANADA) MADE PERSONAL OBSERVATION THAT PROPOSAL SEEMED TO ACCOMPLISH OBJECTIVES OF GOV/1621, ALBEIT IN ROUND-ABOUT MANNER, IF EXEMPLARY LIST OF MAJOR PIECES OF EQUIPMENT IN EXPLANATORY NOTE INCLUDED ALL IMPORTANT REMOVABLE ITEMS. IN HIS VIEW, IF ADEQUACY OF THAT LIST WAS CONFIRMED BY OTTAWA IN RESPONSE HIS INQUIRY, IT WOULD BE REASONABLE TO CONCLUDE THAT ARGENTINES WOULD BE UNLIKELY TO BE ABLE TO REPLACE ALL OF ITEMS WITH ITEMS EITHER OF ITS OWN MANUFACTURE OR FROM SUPPLIERS NOT REQUIRING SAFEGUARDS. IF REPLACEMENTS ALL SUCH ITEMS AVAILABLE TO ARGENTINES, THEY WOULD MOREOVER BE MORE LIKELY TO BUILD COMPLETE NEW REACTOR.

11. CANADIAN MISSION HAS JUST INFORMED US, HOWEVER, THAT OTTAWA'S INSTRUCTIONS ARE TO REJECT PROPOSALS ON BOTH TECHNICAL AND "LEGAL" GROUNDS. RE LIST OF "MAJOR PIECES OF EQUIPMENT", OTTAWA FELT THAT ONLY CALANDRIA FORMS

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ACTION IO-03

INFO OCT-01 ARA-10 EUR-10 ISO-00 AF-04 EA-07 NEA-06 RSC-01

OIC-01 FEA-01 ACDA-10 CIAE-00 INR-10 L-02 NSAE-00

NSC-07 SCI-03 DRC-01 /077 W

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 5140  
INFO AEC GERMANTOWN PRIORITY  
AMEMBASSY BONN  
AMEMBASSY BUENOS AIRES  
AMEMBASSY LONDON  
AMEMBASSY OTTAWA PRIORITY

C O N F I D E N T I A L SECTION 2 OF 2 IAEA VIENNA 8601

INTEGRAL PART OF REACTOR ("END SHEETS" MAY BE ANOTHER SUCH PART) AND THAT OTHER ITEMS SUCH AS PRESSURE TUBES AND REFUELING MACHINE WILL IN ANY EVENT NEED TO BE REPLACED WITHIN 15 YEARS. APART FROM TECHNICAL ADEQUACY OF APPROACH, OTTAWA FELT THAT EXPLANATORY NOTE APPROACH WOULD NOT RPT NOT PROVIDE ADEQUATE ASSURANCE THAT ARGENTINA WOULD BE BOUND BY ITS TERMS. MOREOVER, ENTIRE ARRANGEMENT WOULD ESTABLISH BAD PRECEDENT.

12. AMB. BEESELY HAS INFORMED DIR GEN EKLUND OF FOREGOING VIEWS. EKLUND HAS POINTED OUT THAT HE MUST SHORTLY INFORM ARGENTINES OF RESULTS HIS CONSULTATIONS AND ASKED WHETHER CANADA COULD, IN LIGHT ITS OBJECTION TO RESULTS SECRETARIAT NEGOTIATION, PROVIDE COUNTER-PROPOSAL FOR PRESENTATION BY SECRETARIAT TO ARGENTINA.

13. BEESLEY IS RAISING QUESTION WITH OTTAWA. CANADIAN MISSION BELIEVES OTTAWA WILL AGREE TO TRY HAND AT DRAFTING PROPOSAL, SINCE CANADA ALREADY HAD DECIDED TO INCORPORATE PROVISIONS RE DURATION AND TERMINATION OF IAEA SAFEGUARD IN BILATERAL AGREEMENT FOR COOPERATION BEING DISCUSSED  
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WITH ARGENTINA.

14. CANADIAN MISSION HAS ADVISED THAT, IF OTTAWA AGREES THAT CANADA UNDERTAKE DRAFTING JOB, OTHER MISSIONS, INCLUDING US, WILL BE CONSULTED AND PROBABLY BE CALLED UPON TO ASSIST.

15. WE HAVE EXPRESSED SATISFACTION TO CANADIAN MISSION WITH CANADA'S POSITION AND OFFERED FULL SUPPORT AND ASSISTANCE IN DEVELOPING ADEQUATE LANGUAGE FOR SECTION 26. WE POINTED OUT THAT WE DO NOT RPT NOT REGARD OTHER PROVISIONS OF ORIGINAL DRAFT AGREEMENT (ANNEX TO GOV/1694) AS SACROSANCT AND THAT SOME REDRAFTING OF SECTION 8(A) OR 9(A) MAY FACILITATE DRAFTING OF SECTION 26 TO CONFORM TO CONCEPTS OF GOV/1621. LABOWITZ

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## Message Attributes

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**TAGS:** PARM, TECH, AR, CA, IAEA  
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